

HOUSE BILL NO. 672

INTRODUCED BY GLASER, LARSON

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL DISTRICT DEBT LIMITATIONS; CLARIFYING ANB CALCULATIONS FOR FACILITY-GUARANTEED MILL VALUE PURPOSES; AMENDING SECTIONS 20-9-406 AND 20-9-407, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 20-9-406, MCA, is amended to read:

**"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support payment.** (1) (a) Except as provided in subsection (1)(d), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as general obligations of the district, is ~~45%~~ 50% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(b) Except as provided in subsection (1)(d), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as general obligations of the district, is up to ~~90%~~ 100% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(c) The total indebtedness of the high school district with an attached elementary district is limited to the sum of ~~45%~~ 50% of the taxable value of the property for elementary school program purposes and ~~45%~~ 50% of the taxable value of the property for high school program purposes.

(d) (i) The maximum amount for which an elementary district or a high school district with a district mill value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per

1 elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation  
2 bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues,  
3 registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable  
4 that are held as general obligations of the district, is ~~45%~~ 50% of the corresponding facility guaranteed mill value  
5 per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district  
6 may become indebted is ~~45%~~ 50% of the sum of the facility guaranteed mill value per elementary ANB times  
7 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school ANB times  
8 1,000 times the high school ANB of the district. For the purpose of calculating ANB under this subsection, a  
9 district may use the greater of the current year ANB or the 3-year ANB calculated under 20-9-311.

10 (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded  
11 indebtedness under this subsection (1)(d), a district may include the ANB of the district plus the number of  
12 students residing within the district for which the district or county pays tuition for attendance at a school in an  
13 adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum  
14 indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual  
15 agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the  
16 current year ANB or the 3-year ANB calculated under 20-9-311.

17 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by  
18 special improvement district obligations or assessments against the school district or to general obligation bonds  
19 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the  
20 amount are void, except as provided in this section.

21 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,  
22 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of  
23 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the  
24 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal  
25 and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support  
26 payments of the school district for the current year.

27 (4) When the total indebtedness of a school district has reached the limitations prescribed in this section,  
28 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in  
29 accordance with the financial administration provisions of this chapter.

30 (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt

1 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the  
2 refunding bond issue is decreased accordingly.

3 (6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue  
4 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education  
5 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."

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7 **Section 2.** Section 20-9-407, MCA, is amended to read:

8 **"20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district  
9 within which a new major industrial facility ~~which that~~ seeks to qualify for taxation as class five property under  
10 15-6-135 is being constructed or is about to be constructed, the school district may require, as a precondition of  
11 the new major industrial facility qualifying as class five property, that the owners of the proposed industrial facility  
12 enter into an agreement with the school district concerning the issuing of bonds in excess of the ~~45%~~ 50%  
13 limitation prescribed in 20-9-406. Under ~~such~~ an agreement, the school district may, with the approval of the  
14 voters, issue bonds ~~which that~~ exceed the limitation prescribed in this section by a maximum of ~~45%~~ 50% of the  
15 estimated taxable value of the property of the new major industrial facility subject to taxation when completed.  
16 The estimated taxable value of the property of the new major industrial facility subject to taxation ~~shall~~ must be  
17 computed by the department of revenue when requested to do so by a resolution of the board of trustees of the  
18 school district. A copy of the department's statement of estimated taxable value ~~shall~~ must be printed on each  
19 ballot used to vote on a bond issue proposed under this section.

20 (2) Pursuant to the agreement between the new major industrial facility and the school district and as  
21 a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in  
22 addition to the taxes imposed by the school district on property owners generally, ~~so~~ as much of the principal and  
23 interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the  
24 limitation prescribed in 20-9-406. After the completion of the new major industrial facility and when the  
25 indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major  
26 industrial facility ~~shall be~~ is entitled, after all the current indebtedness of the school district has been paid, to a  
27 tax credit over a period of no more than 20 years. The credit ~~shall~~ must as a total amount be equal to the amount  
28 ~~which that~~ the facility paid the principal and interest of the school district's bonds in excess of its general liability  
29 as a taxpayer within the district.

30 (3) A major industrial facility is a facility subject to the taxing power of the school district, whose

1 construction or operation will increase the population of the district, imposing a significant burden upon the  
2 resources of the district and requiring construction of new school facilities. A significant burden is an increase in  
3 ANB of at least 20% in a single year."

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5 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2007.

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